

Commuter Choice

New Options for Working Americans

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Voluntary Measures
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Environment and Transportation Sustainability

- * Transportation is a major contributor to:**
 - up to half of ozone (VOC, NO_x), PM, CO**
 - 30% of U.S. greenhouse gas emissions**
 - water pollution, ecosystem fragmentation**
- * More sustainable transportation requires**
 - less polluting fuels and vehicles**
 - encouraging efficiency in vehicle use**
 - cutting traffic growth while boosting access**

American Commuting in the 90s

- 91% of commuters drive to work
- 92% of cars driven to work have 1 occupant
- 95% of commuters who drive to work receive free parking at their workplace
- Solo driver commuters are typically 65%-85% of peak hour traffic to/from central business district
- Over 3/4 of new jobs in suburban areas, but these face growing congestion, labor access problems

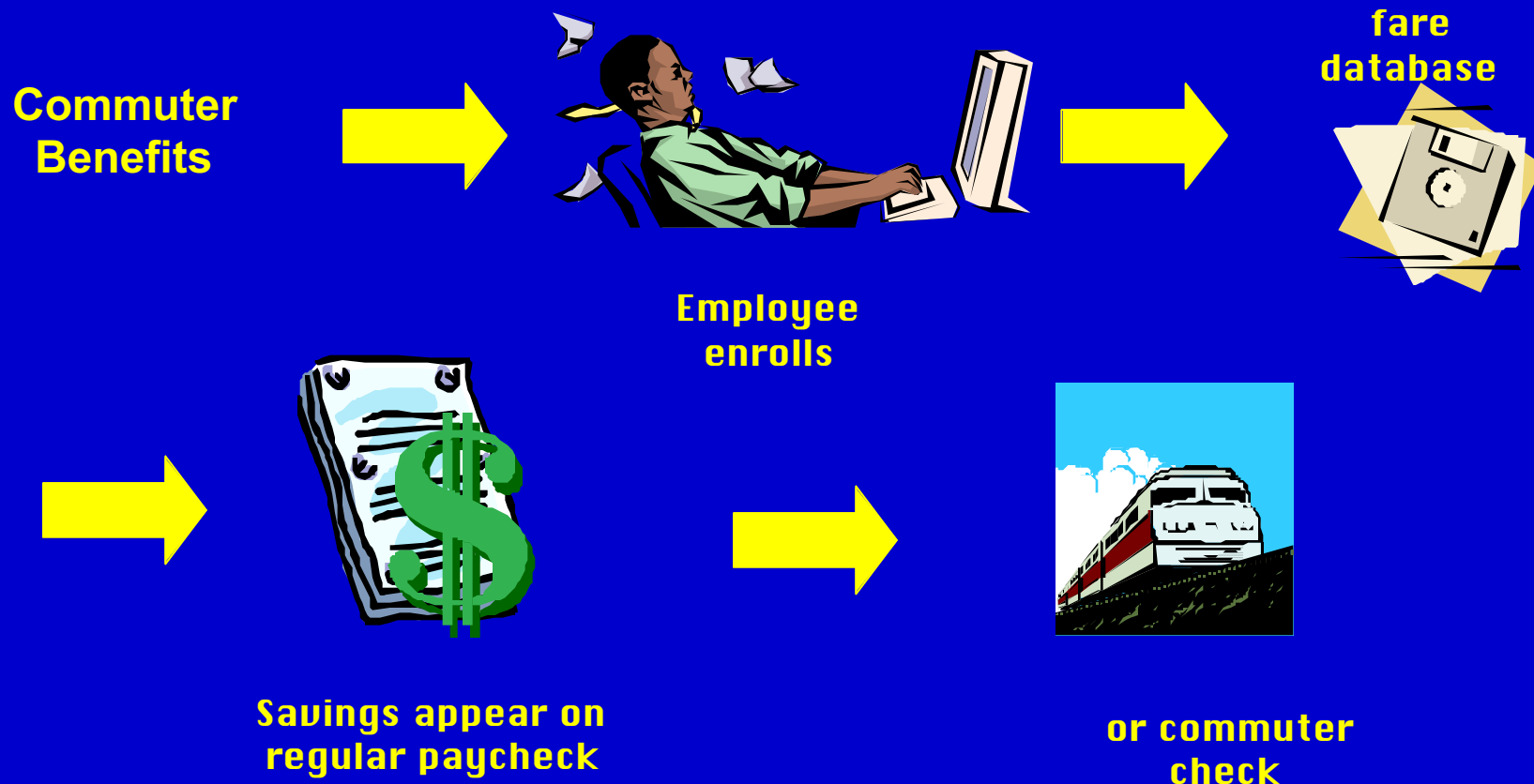
Tax Code Changes Give Employers and Employees New Incentives

TEA-21 Section 9010 offers new options:

- Employees may convert employer-paid parking spaces into added employee cash income
- Employees may buy transit/vanpool benefits (\$65/month, \$100/month in 2002) with pre-tax dollars
- Employers may give non-taxable transit pass, vanpool benefits (\$65/month, going to \$100/month in 2002) and parking and park-and-ride benefits (\$175/month)



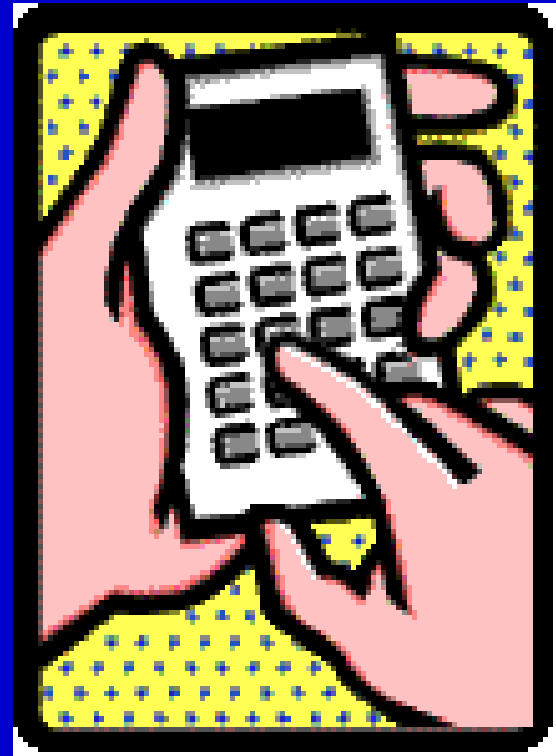
How Commuter Benefits Work



Employee Savings

**An employee could
save \$218 in taxes.**

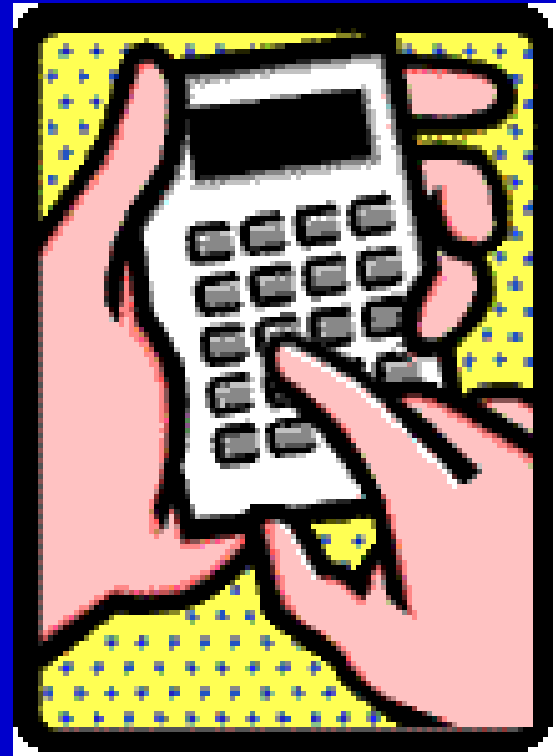
- set aside \$65 a month**
- before taxes**
- get \$780 a year**
- at a 28% tax rate**
- *saves \$218 a year!***



Employee Savings

**An employee could
make an extra
\$1,512**

- Receive \$175 a month for their parking space**
- make \$2100 before taxes**
- pay \$588 of that back in taxes (at a 28% tax rate)**
- *nets \$1,512***



Employer \$avings

EXAMPLE:

A chain of coffee bars (30,000 employees) offers pre-tax benefits to transit riders.



Employer Savings

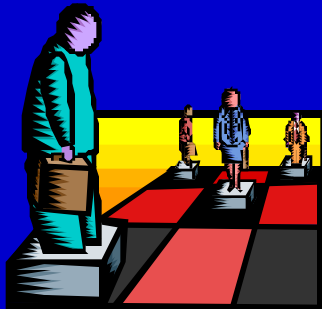
QUICK EXAMPLE:

- 30,000 employees
- 20% participation rate
- 6000 participants
- Each employee deducts $\$65 \times 12 = \780
- Total payroll deduction of \$4,680,000
- Employer does not pay payroll tax (7.5%) on this amount
- Employer saves \$351,000 in payroll taxes
- Employer can save additional \$ in lower parking needs

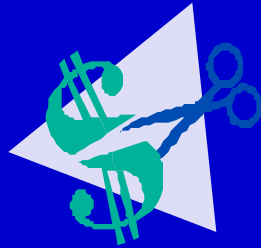


A Team Effort

Human Resources



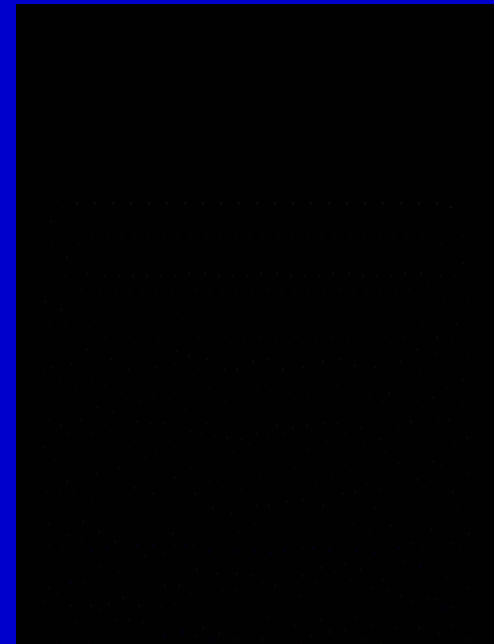
Finance



Payroll and IT



Tax



State, Local, and Private Sector Reforms Work with Federal Incentive

- Employer tax credits for transit, ridesharing
 - WA: 50% tax credit up to \$60/year/employee
 - NJ: 10% tax credit for trip reduction efforts
 - GA: \$25/year/employee for commute benefits
 - MD: 50% tax credit up to \$360/year/employee
- Transit pass discounting (CT, MD, CA, CO)
- Cashing Out Employer Paid Parking - cash in lieu of parking spaces (CA, OR, WA)

Benefits of Commuter Choice

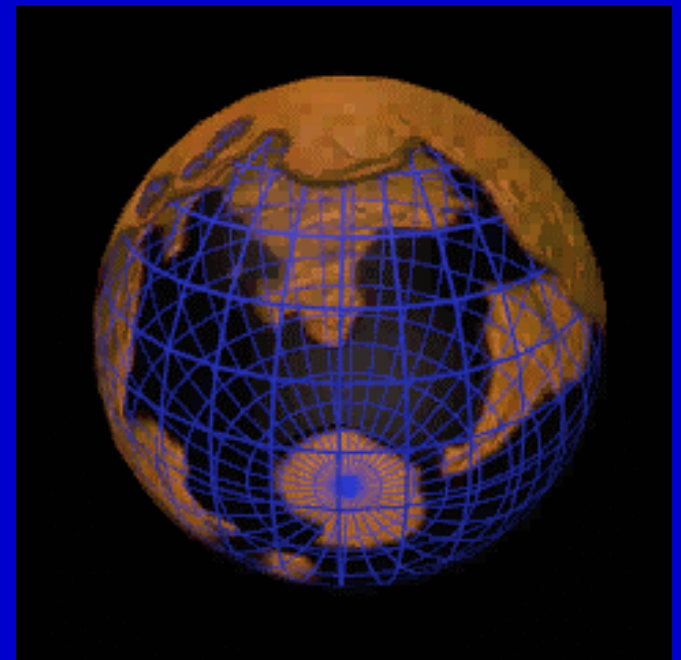
- Studies across US show parking subsidy reform cuts drive alone rate by 10%-40%
- Helps downtowns and suburbs/exurbs
- Positive benefits for workers, employers, congestion reduction, equity, environment
- VMT, criteria emissions, CO₂ equally reduced
- Benefits dependent on info, offering, use

Environmental Benefits

- Reduces UMT which leads to corresponding equivalent reductions in HC, NO_x, CO, PM, Toxics**
- Also reduces the number of cold starts**
- Reduces congestion which allows more efficient vehicle operation I.e. reduces idling and stop-and-go driving behavior in traffic jams**
- Allows companies to be green players and contribute toward attainment efforts**

Environmental Benefits

- **Bonus! Also reduces CO2 emissions**
- **Help for companies that may have to meet national CO2 emission reduction quotas**
- **May be used in possible future global CO2 emissions trading**

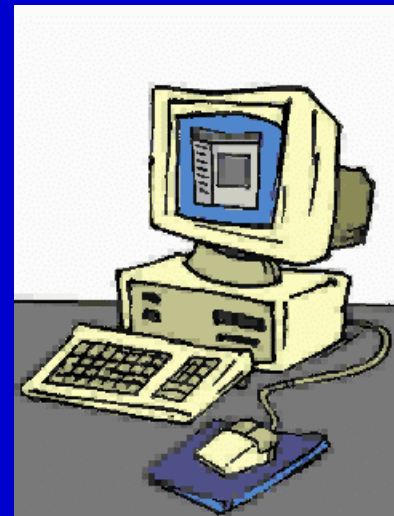


Environmental Benefits

**!! EPA TCM/Commuter Choice
Emission Benefit Calculation
Spreadsheet !!**

(will be demonstrated today)

**User friendly:
Simple and easy to
use**



Next Steps for Commuter Choice?

- Opportunity for new mobility coalitions
 - Business: better labor access, lower costs, improved employee morale, less traffic delay
 - Labor: better compensation, pay equity for women and minorities, and access to jobs
 - Government: cheaper solution to traffic problems, efficient use of transit, roads
 - Environment: less pollution, smarter growth

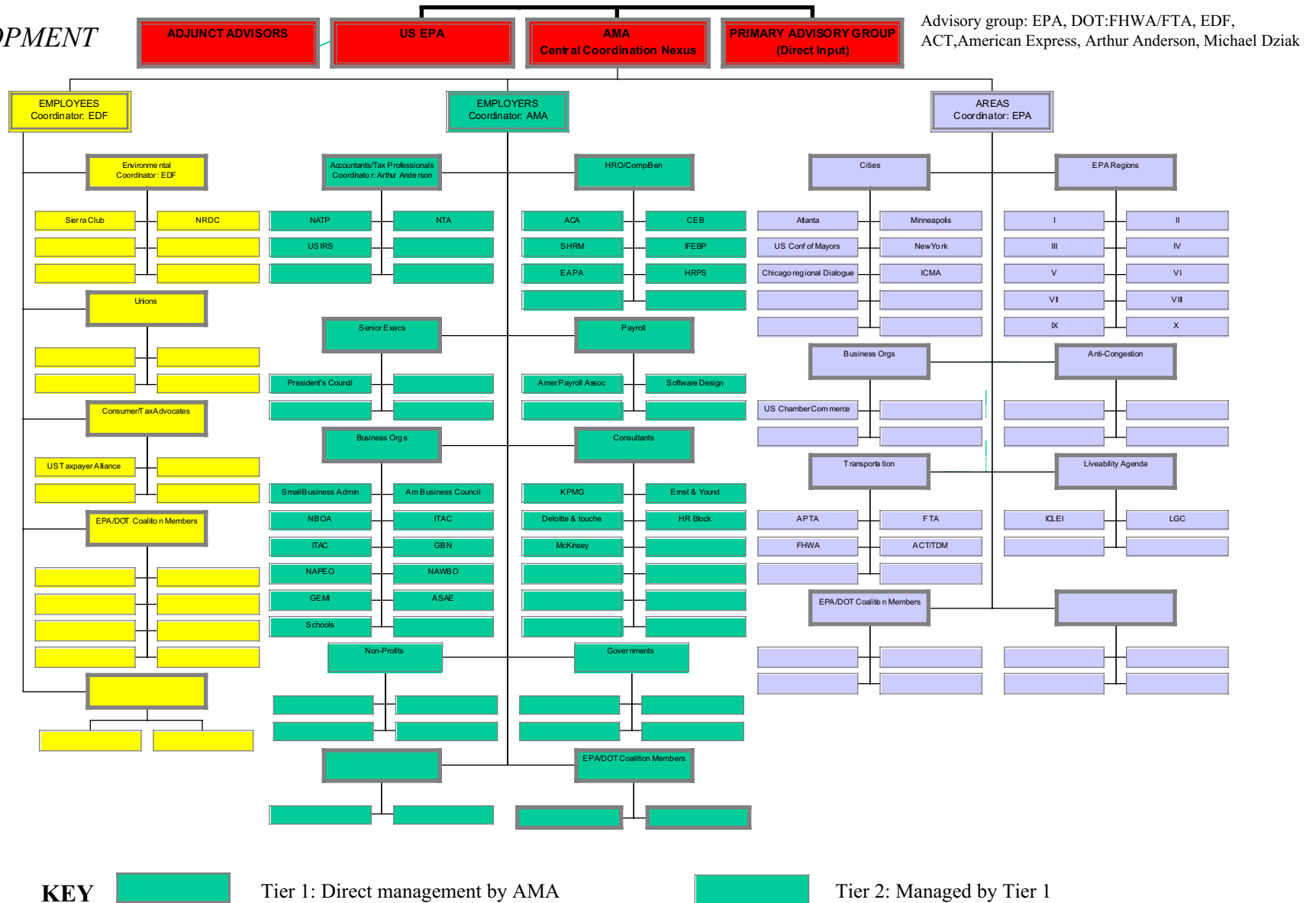
OMS Efforts

- Coordinating with DOT/FHWA/FTA
- Developing National Coalition to disseminate Commuter Choice message
- National partners with American Management Association, Environmental Defense Fund
- Emission Benefit Calculation Tools, Websites, Support

COMMUTER CHOICE NATIONAL IMPLEMENTATION ORGANIZATION CHART

DEVELOPMENT

IMPLEMENTATION



What You Can Do

- Ask your employer to
 - allow you to use pre-tax dollars for transit
 - offer cash in lieu of parking
 - offer alternative commute benefits
- Ask your local and state government to
 - offer Commuter Choice to their employees
 - adopt/promote Commuter Choice best practices
- Grant SIP credit for Commuter Choice programs in your Region

Conclusions



Commuter Choice initiatives and incentives

- can cut traffic problems and pollution quicker and better than spending billions on new roads
- provide a new foundation for public-private, business-environmental partnerships
- support equity, smart community and economic development, and the environment



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

COMMUTER CHOICE PROGRAM

Matthew Payne

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For more information: <http://www.epa.gov/oms/transp/comchoic/ccweb.htm>

